

meet their annual tax obligations while trying to maintain their style of living. They are still pursuing the American dream, but the ever-increasing tax burden keeps pushing it out of reach.

The \$500 per-child tax credit takes money out of the hands of the Washington bureaucrats and leaves it in the hands of the taxpayers.

It is truly a tax break for the middle class: nearly \$9 out of every \$10 of tax relief goes to families making \$75,000 or less. They are the ones who need our help the most, and we cannot ask them to wait another 6 or 7 years.

Mr. President, I promised my constituents in Minnesota that tax relief will be my top priority in the Senate, and during the next week, I will do just that.

The freshman class also promised American families that we would balance the budget. With or without a balanced budget amendment, we will deliver.

Now, my good friend, the Budget Committee chairman, and his counterpart in the other Chamber, have crafted documents the naysayers said could never be achieved.

The budget resolution we begin debating today, that brings the budget into balance by the year 2002, is proof that we are serious about living up to our pledge. Having to live within its means will be a new experience for a Congress that has only balanced its budget eight times in the past 64 years, and has not spent less than it has taken in since 1969.

Even the Clinton administration, despite all its rhetoric about shrinking the deficit, has seemingly washed its hands of the deficit problem.

Under the President's own budget plan, the deficit would increase from \$177 billion this year to \$276 billion in 2002, and add another \$1.5 trillion to the national debt. Only Republicans have offered an alternative to this fiscal madness. And I hope my colleagues on the other side of the aisle will find the courage to vote for a balanced budget. We're offering a plan to balance the budget, and we have done it without slashing Federal spending, without putting children, seniors, and the disadvantaged at risk. Most of our savings are achieved by slowing the growth of Government. Will there need to be some sacrifices? Yes, although the Government will have to sacrifice more than the people will. Will belts need to be tightened? Yes. But if we do not tighten the belts today, they are destined to become nooses around the necks of the coming generations, who will someday become the innocent victims of our negligence. Mr. President, as Senate freshmen, my colleagues and I heard it over and over during our campaigns: the American people are willing to make those sacrifices, if they believe their Government is serious about making change.

This Congress is serious.

Finally, we promised that our budget will protect Medicare and Social Security.

For the sake of America's senior citizens, we must protect, preserve, and improve Medicare, to make sure it is there for the next generation as well.

The fact is, Medicare is in trouble, in large part due to fraud, waste, abuse, mismanagement and misuse. By 1997, Medicare will pay out \$1 billion more in benefits than it collects in revenue, and 5 years later, it will go bankrupt.

Again, in our budget plan, we are working to preserve, protect, and improve the Medicare System. In fact, Medicare will remain the fastest growing program in the Federal budget.

Over the next 7 years, we will spend \$1.7 trillion to keep Medicare a healthy and viable health care provider for this generation of senior citizens.

Social Security must receive the same care, although as a self-funded entity it will be taken off budget and dealt with separately from other programs.

Clearly, the Government must honor its contract with our senior citizens, and the budget that Congress produces this year must ensure that the Social Security Program will survive and be there for older Americans. The best way to achieve that is to bring the Federal budget into balance.

A budget that works for America will meet the needs of all our citizens, working men and women and their children, senior citizens, and the disadvantaged, while providing middle-class tax relief, balancing the budget by the year 2002, and protecting Social Security and Medicare.

Mr. President, that is what we promised the people, and our promises were not made lightly. I remember hearing about a commencement speech given by Winston Churchill toward the end of his life. He sat patiently through the introduction, rose, and went to the podium. All he said was "Never, never, never give up." Then he sat back down.

Mr. President, this committed class of freshmen Senators has taken the pulse of the people, and we are not planning to give up on the ambitious agenda they sent us here to carry out.

Like the latest chapter in the "Die Hard" movie trilogy, we will be here—with a vengeance—to remind our colleagues just what America's message last November was all about.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, before addressing the matter that brings me to the floor, may I congratulate the Senator from Minnesota for the very forceful and, I hope, prophetic statement. The concerns that he has raised are real. They have been addressed without large consequence in this Chamber for some 15 years now, as I can attest. And I for one, and I think many others, welcome the energy and conviction, the commitment of the freshman class, as he chooses to describe it, that came to the Senate in January. I look forward to working with him in the years ahead—months ahead—weeks ahead, to be specific.

(The remarks of Mr. MOYNIHAN pertaining to the introduction of legislation are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. Under a previous order, the Senator from North Dakota is recognized to speak for up to 20 minutes.

Mr. DORGAN. Thank you very much. It is my intention to speak for a couple of minutes at the beginning and then to yield the remainder of the time to Senator AKAKA from Hawaii.

#### THE BUDGET DEBATE

Mr. DORGAN. Mr. President, we will begin in a matter of a couple of hours the debate on the budget resolution.

I do not want anyone to despair about the disagreement that will exist on the floors of the Senate and the House on the budget. The disagreement that exists ought not to be a cause for despair, because there is not any disagreement about the destination. We all believe that the budget ought to be balanced. We believe it ought to be balanced by the year 2002, and I am prepared to support that and vote for that.

There is a vast disagreement, however, on priorities: How do you get from here to there? If we agree on the destination, there is certainly disagreement on the routes. How do you achieve a balanced budget? This is the time and this is the place to have a vibrant and healthy debate about priorities.

Now, I expect there will be some skepticism about statements from those of us on this side of the aisle, so I want to today, as we begin the discussion, quote from a Republican political analyst, author, and commentator, Kevin Phillips. This is not from a Democrat. Here is what Kevin Phillips says about the budget that is going to be brought to the floor by the Republicans.

"Anybody who thought the greed decade ended several years ago," Mr. Phillips says, "hasn't yet had time to study the new balanced budget proposals put forward by the U.S. Senate and the U.S. House." He said it is "special interest favoritism and income redistribution. Spending on Government programs, from Medicare and education to home heating oil assistance, is to be reduced in ways that principally burden the poor and the middle class while simultaneously taxes are to be cut in ways that predominantly benefit the top 1 or 2 percent of Americans."

Again, this is a conservative commentator writing that fiscal favoritism and finagling is what is involved here. If it was not that, he said, "we'd be talking about shared sacrifice, with business, Wall Street and the rich, the people who have big money, making the biggest sacrifice." But Kevin Phillips says:

Instead, it's senior citizens, the poor, students and ordinary Americans who'll see programs they depend on gutted, while business, finance and the richest 1 or 2 percent, far from making sacrifices, actually get new benefits and new tax reductions.

He says:

In short, aid to dependent grandmothers, children, college students and city dwellers is to be slashed, while aid to dependent corporations, stockbrokers, generals and assorted James Bond imitators survives and even grows. And if the deficit is substantially reduced under a program like this, there'll be a second stage of further upward income redistribution from upper bracket profits in the stock and bond markets.

Again, Kevin Phillips, a Republican says:

If the U.S. budget deficit problem does represent the fiscal equivalent of war—and maybe it does—then what we are really looking at is one of the most flagrant examples of war profiteering this century has seen.

Mr. President, the debate will be about priorities. We ought to balance the budget, we ought to do it by the year 2002, but there are a lot of ways to get to that destination. You do not have to run down the road and stop and pick up a few dollars from those who cannot afford it and then make another stop and give to those who have a substantial amount already. That is the purpose of, I think, the discussion of the Senator from Hawaii.

We are talking about the Republican party that brings a budget to the floor and gives very big tax cuts for the wealthy and takes it from things that are important—kids who go to school, working families and the elderly. We think that these priorities are not in step or keeping with the best interests of this country.

Mr. President, I yield the remainder of my time to the Senator from Hawaii, Senator AKAKA.

Mr. AKAKA addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

#### MAJORITY'S BUDGET PROPOSALS FOR MEDICARE AND VETERAN'S ADMINISTRATION HEALTH CARE PROGRAMS

Mr. AKAKA. Mr. President, I want to say good morning to my friend who is now presiding, Senator INHOFE, from Oklahoma, and wish him a good day.

I am here to express some of my concerns about some parts of the budget, and particularly Medicare and Veterans' Administration health care programs.

Mr. President, earlier this week the Republican-controlled Budget Committees unveiled their 7-year budget resolutions. The House resolution provides a generous tax cut for wealthy Americans. The Senate resolution would allow not one, but two tax cut proposals. The first would be \$170 billion in tax cuts once the Congressional Budget Office certifies that the savings from cutting Medicare, education, VA health care, and the other programs targeted for reductions are, in fact, achieved.

Further tax cuts would be permitted if the budget is reduced by an amount that is greater than the reductions already proposed by the Senate budget resolution. We can clearly see that Republicans in the House and Senate have laid the foundation for implementing the tax proposals outlined in the Contract With America. To pay for their tax cuts they must reduce programs that help working families and the elderly.

The Senate budget resolution proposes a \$256 billion cut in Medicare spending over 7 years, but provides no guidelines on how these savings will be achieved. This will be the largest Medicare cut in history, and the impact on beneficiaries and providers will be very painful.

If Medicare cuts of this magnitude are approved, the Department of Health and Human Services estimates that senior citizen's out-of-pocket expenses will increase by \$900 a year, or a total of \$3,500 over the 7 years. Eighty-three percent of Medicare benefits go to beneficiaries with incomes under \$25,000.

It is obvious who will be hurt by these cuts. Our Nation's low-income elderly, who can least afford it, will bear the brunt of the Medicare cuts.

In addition, cuts to providers will have serious ramifications on health care costs since they are passed along to other health care consumers. Provider cuts could have a devastating impact on urban hospitals which already bear a disproportionate share of the Nation's growing burden of uncompensated care. Reductions in Medicare payments will also endanger access to care in rural areas. Nearly 10 million Medicare beneficiaries—25 percent of the total Medicare population—live in rural areas. There is often only a single hospital in their county. Significant cuts in Medicare may force rural hospitals to close or cause more providers to refuse to treat Medicare beneficiaries.

The Senate Budget Committee was given the opportunity to restore the cuts in Medicare funding. Two amendments were offered to scrap the tax cut for the rich in order to fund Medicare. Unfortunately, they were rejected on party-line votes. This massive cut in Medicare funding would not be necessary if the majority abandoned their tax cut for the wealthy.

Under the Republican plan, the wealthy will gain while our elderly population suffers more pain. Instead of cutting Medicare, we must work to ensure that any effort to maintain the solvency of the Medicare trust fund does not put Medicare beneficiaries at risk. And, we must protect the program for future enrollees. This problem can and should be solved in the context of health care reform.

I recognize the critical need to ensure long-term stability in the Medicare Program and I support efforts to balance our budget. However, I am opposed to arbitrarily cutting Medicare

to finance a tax break for wealthy Americans. I look forward to working with my colleagues on addressing these important issues.

Just as health care benefits are being cut for our senior citizens dependent on Medicare, the freeze proposed on veterans health care programs would be equally devastating for our elderly veterans.

At first glance, the majority budget seems to have little impact on veterans health care programs. The chairman's mark shields the Veterans Health Administration from cuts, and freezes funding at the 1995 level. However, if you examine the long-term impact of the proposal, you find that the proposed freeze will have a debilitating effect on health care provided to our Nation's veterans.

The budget resolution contains only half of the annual cost-of-living adjustments [COLA], so the Veterans' Administration must absorb the remainder of the increase from a budget that is already being held flat. This will mean that fewer resources will be available to veterans seeking access to veteran health care programs.

In fiscal year 1996, the majority's proposal will cut \$640 million from the Veterans Health Administration's budget compared to the President's budget request. The options to cope with this cut include the elimination of 8,200 health care providers and support staff or closing Veterans Administration Medical Centers [VAMC] to achieve a total reduction of 1,500 patient beds. In terms of direct care services, 57,000 inpatient and 1,300,000 outpatient visits for 142,000 patients would be foregone in fiscal year 1996 under the Republican proposal.

Under their proposal, by the year 2002, 53,000 full-time-equivalent positions would be eliminated or 35 Veterans' Administration medical centers would have to be closed. Over a 7-year period, one-fourth of the current medical care positions would have to be eliminated and 35 of the 159 Veterans' Administration medical centers currently serving veterans across the country would be closed if the Republican proposal is implemented.

Health care facilities and personnel are not the only areas which will be affected by the majority's proposal. Medical research within the Veterans' Administration would also be frozen at the fiscal year 1995 appropriation level. This will significantly impact the specialized services the Veterans' Administration provides, including spinal cord and prosthetics research. In fiscal year 1996, over 150 projects would have to be terminated to meet the budget constraints imposed by the majority.

The cumulative impact for Veterans Health Administration services over 7 years would decimate the Veterans' Administration health care system as we know it. By the year 2002, the Veterans Health Administration budget would have lost \$20.6 billion over 7 years. Over 1.5 million inpatient and 34